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2010 SEP 23 PM 3:44

IN THE CIRCUIT COURT OF MONTGOMERY COUNTY, TENNESSEE
FOR THE NINETEENTH JUDICIAL DISTRICT AT CLARKSVILLE, TENNESSEE

STATE OF TENNESSEE,

Plaintiff,

v.

BRITLEE, INC. d/b/a LAPTOYZ COMPUTERS
AND ELECTRONICS; STUART L. JORDAN,
individually and d/b/a BRITLEE, INC.; and
ROME FINANCE COMPANY, INC.,

Defendants.

No. _____

COMPLAINT

This civil law enforcement action is brought in the name of the State of Tennessee (hereinafter "the State" or "Plaintiff"), by and through Paul G. Summers, Attorney General and Reporter ("Attorney General"), pursuant to Tenn. Code Ann. §§ 47-18-108(a)(1) and 47-18-114, on behalf of Mary Clement, the Director of the Division of Consumer Affairs of the Tennessee Department of Commerce and Insurance ("Division"). The State alleges that the Defendant named herein has violated the Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. § 47-18-101 *et seq.* ("TCPA"), and the Tennessee Credit Services Businesses Act, Tenn. Code Ann. § 47-18-1001 *et seq.* ("TCSB"), and that this action is in the public interest.

I. JURISDICTION AND VENUE

1. The jurisdiction of this Court is invoked pursuant to the provisions of Tenn. Code Ann. § 47-18-108. Venue is proper in Montgomery County pursuant to Tenn. Code Ann. § 47-18-108(a)(3), because it is the county where the alleged unfair or deceptive acts or practices took place, and the county in which Defendant conducts, transacts or has transacted business. The Division has

determined in writing that the purposes of the TCPA would be substantially impaired by delay in instituting legal proceedings. Therefore, the Defendant was not given ten (10) days notice of intent to sue. (See Exhibit A, Affidavit of Ross White, Assistant Director of the Division of Consumer Affairs of the Department of Commerce and Insurance.) If the Court determines that notice should have been given, the State asks that this Court stay the proceedings for ten (10) days.

II. DEFENDANTS

2. Britlee, Inc. ("Britlee") was incorporated under the laws of North Carolina in 1996, and has as its registered office location, 4473 Briton Circle, Fayetteville, North Carolina, 28314. Stuart Jordan is listed as the president and registered agent of Britlee. Britlee, Inc. is and has been doing business in Tennessee at the Governor's Square Mall, 2801 Wilma Rudolph Blvd., Clarksville, Montgomery County, Tennessee 37040, and uses the mailing address of P. O. Box 40305, Fayetteville, North Carolina 28309. Britlee, Inc. has not applied for or been granted authority as a foreign for-profit corporation to transact business in Tennessee, and therefore the Tennessee Secretary of State shall be an agent of such corporation upon whom any such process, notice or demand may be served, pursuant to Tenn. Code Ann. § 48-15-104.

3. Stuart L. Jordan ("Jordan") was the initial incorporator of Britlee, Inc. and is its current President and current Registered Agent. Upon information and belief, Defendant Britlee, Inc. is and was, at all times relevant to this Complaint, under the complete control and domination of Defendant Stuart Jordan, including but not limited to, Defendant Jordan's knowledge of and ability to direct the content of all advertisements and representations made to encourage the purchase of Britlee's products, including the representations of "guaranteed" financing, "military financing," and "special" offers to the military. Defendant Jordan has owned, managed, directed and controlled, or had the authority to direct and control, the operations and policies of Britlee at all times relevant to

this Complaint. Non-resident defendant, Stuart Jordan, can be served by delivering copies of the summons and complaint to the person in charge of the Britlee kiosk located at the Governor's Square Mall, 2801 Wilma Rudolph Blvd., Clarksville, Montgomery County, Tennessee 37040, pursuant to Tenn. Rules of Civil Procedure Rule 4.04(5).

4. Rome Finance Company, Inc. ("Rome") was incorporated under the laws of California in 1977, lists its California address as 2056 Colfax Street, Concord, California 94520, and lists its registered office location as 2151 Salvo Street, Suite 399, Concord, California 94520. Its California registered agent is James H. Coffey. Rome is and has been doing business in Tennessee at the Governor's Square Mall, 2801 Wilma Rudolph Boulevard, Clarksville, Montgomery County, Tennessee 37040, using the mailing address of P.O. Box 347, Concord, California 94522-0347. Rome has not applied for or been granted authority as a foreign for-profit corporation to transact business in Tennessee, and therefore the Tennessee Secretary of State shall be an agent of such corporation upon whom any such process, notice or demand may be served, pursuant to Tenn. Code Ann. § 48-15-104.

III. FACTUAL ALLEGATIONS

Upon information and belief, the State alleges as follows:

5. On or about August 20, 1996, Defendant Jordan, as Incorporator, signed and submitted Articles of Incorporation to the State of North Carolina for the purpose of forming a business corporation named Britlee, Inc..

6. On or about September 20, 1996, the State of North Carolina granted corporate status to Britlee, Inc.

7. On or about November 3, 1996, Defendant Jordan, as President, signed and submitted the first corporate Annual Report of Britlee, Inc., to the State of North Carolina, showing that the

nature of Britlee, Inc.'s business was "computer sales," and its Registered Agent was Defendant Jordan.

8. There have been no changes in the principal officers or Registered Agent of Britlee, Inc. since September 20, 1996.

9. At a date uncertain, but prior to June 14, 2005, Defendant Jordan arranged with Governor's Square Mall, 2801 Wilma Rudolph Blvd., Clarksville, Montgomery County, Tennessee 37040, for space to set up and run a kiosk at Governor's Square Mall, under the name Laptoyz Computers and Electronics, for the purpose of selling the merchandise of Defendant Britlee, Inc.

10. Britlee has not applied for or been granted a certificate of authority for a foreign corporation to do business in the State of Tennessee. (See Exhibit B, Affidavit of Bob Grunow, Director of Business Services, Department of State, State of Tennessee.)

11. Britlee has not applied for or been granted a business license to do business in Montgomery County, Tennessee. (See Exhibit C, Affidavit of Wilma Dyer, Montgomery County Clerk.)

12. Britlee has not applied for or been granted a business license to do business in the city of Clarksville, Tennessee. (See Exhibit D, Affidavit of Martha Winningham, Montgomery County Business Tax Clerk.)

13. Beginning on or before June 14, 2005, Britlee's sales representatives, located at Governor's Square Mall, began asking mall customers if they were in the military, and if the answer was yes, Britlee sales representatives then tried to sell consumers/military personnel a Sony Viao laptop or notebook personal computer ("Computer").

14. During the sales presentation, many of the soldiers were told that Britlee:

a. Had a "special" program for service members; and

b. Could arrange a low monthly payment.

15. During the sales presentation, most, if not all, of the soldiers were told that, while Britlee did not guarantee the lowest prices, they did guarantee financing. Soldiers with bad credit or no credit were told that obtaining the financing offered by Britlee would build, rebuild or repair their credit. (See Exhibit I, Affidavit of Carritha A. Brown; Exhibit K, Affidavit of Laura Eltringham; Exhibit L, Affidavit of Orion Duffy; Exhibit N, Affidavit of Trey King and Exhibit O, Affidavit of Tracy Borish.)

16. The initial prices quoted to the soldiers, depending on the computer model they were interested in, would be between \$3,000.00 and \$4,200.00, which is well over the fair market value for those computers (which is listed as between \$900.00 and \$2,500.00 on the official Sony website [See Exhibit P, Affidavit of Suzanne Linden] for those computers. (See Exhibit E, Affidavit of Anderson Diaz Santos; Exhibit F, Affidavit of Ralph Gutierrez; Exhibit G, Affidavit of Heriberto Ruiz; Exhibit H, Affidavit of Chastity Jenkins; Exhibit J, Affidavit of Sonya Ross; Exhibit M, Affidavit of Hector Dietsch and Exhibits I, K, L and N.)

17. The sales representatives told the soldiers that their computers are the very best and most updated computers on the market. (See Exhibits K, L and O.)

18. Signs at the Britlee kiosk stated “40% discount for cash.” (See Exhibits M, N and O.)

19. When asked about the “40% discount,” soldiers were told various things including:

- a. That the discount is only for civilian customers;
- b. That the discount would only be a few dollars less than the amount soldiers have to pay and soldiers can pay in 36 low monthly payments; and
- c. That the reason the discount is advertised is because it is “required by the Fair Credit Reporting Act.” (See Exhibit N.)

20. The soldiers were told that they could get a Sony PlayStation Portable ("PSP") for an additional Eleven Dollars (\$11.00) per month. (See Exhibits E, G and J.)

21. Many of the soldiers who purchased the PSP with the computer were charged over One Thousand Dollars (\$1,000.00) more than the original price quoted for the computer alone. (See Exhibits E, G and J.)

22. Most of the soldiers were given a purchase price of approximately \$4,500.00 regardless of the model of computer purchased or whether the PSP was purchased, and were led to believe that the purchase price included any finance charges and would be the total amount paid. (See Exhibits E, F, G, H, I, J and L.)

23. The soldiers were told that if they purchased a computer and then referred other soldiers, the referring soldier would receive Fifty Dollars (\$50.00) for each referral who also purchased a computer. (See Exhibits E, F, G, H and L.)

24. Soldiers were told that if they paid off the entire amount owed on the computer within one year of purchase, all interest paid will be returned. (See Exhibit N.)

25. If the soldier decided to purchase a computer, they were required to sign a "Britlee, Inc. Purchase Agreement" which states in part, and without any qualifying language, that "Purchaser is agreeing that ... no promises or statements have been made to Purchaser, nor has Purchaser relied on any representations other than those expressly set forth in this agreement, or specifically stated in the vendor's literature which you have reviewed and received." (See Exhibits E, G and L.)

26. At the time the soldiers signed the purchase agreement, they were also required to fill out a "Confidential Credit Application and Credit Agreement" from Rome Finance Company, Inc. ("Rome"), P.O. Box 347, Concord, California 94522-0347, which states in part that the purchaser is applying for an open-end revolving credit account and that the initial amount financed is also the

initial credit limit. In other words, the credit account is maxed out with the initial purchase. (See Exhibits E, G and L.)

27. Some soldiers were told by Britlee sales representatives that monthly payments can be made through allotments from the soldier's military payroll. Other soldiers were told that the only way financing can be arranged is if the soldier agrees to pay through a payroll allotment. The sales representative then accesses "MyPay," which is the online method for the soldier to access their military payroll account. (See Exhibits E, F, G, H, I, J and L.)

28. The sales representative then made copies of the soldiers' military identification cards and bank debit cards and informed the soldier that payments will be deducted from their bank account if the allotment is stopped. Other soldiers were required to sign papers saying that the soldier will not stop the allotment. The soldiers were also required to sign a letter saying that they know the financing is an "open-end" account without any explanation of the details of an "open-end" account. (See Exhibits E, F, G, H and J.)

29. Rome's "Credit Agreement" states in part, and without any qualifying language, that "Gwinnett County, Georgia shall be deemed to be the place of exclusive jurisdiction, venue, discovery, and controlling law for resolution of disputes." (See Exhibits E, G and L.)

30. Rome has not applied for or been granted a certificate of authority for a foreign corporation to do business in the State of Tennessee. (See Exhibit B.)

31. Rome has not applied for or been granted a business license to do business in Montgomery County, Tennessee. (See Exhibit C.)

32. Rome has not applied for or been granted a business license to do business in the city of Clarksville, Tennessee. (See Exhibit D.)

33. Rome has not applied for or been granted a license to operate as a lender in the State of Tennessee.

IV. VIOLATIONS OF THE LAW

The plaintiff incorporates by reference and realleges each and every allegation contained in Paragraphs 1 through 33.

34. At all times relevant to this Complaint, the conduct alleged in this Complaint occurred in the conduct of “trade,” “commerce” and/or a “consumer transaction” and the offering of, or providing of, “goods” and/or “services” as defined in Tenn. Code Ann. § 47-18-103(5), (10) and (11).

35. At all times relevant to this Complaint, the conduct of Britlee as alleged in this Complaint occurred in the operation of a “credit services business” as defined in Tenn. Code Ann. § 47-18-1002(5)(A).

36. Under Tenn. Code Ann. § 47-18-1010, all of the acts and practices engaged in and employed by Defendants Jordan and Britlee which constitute violations of the Tennessee Credit Services Businesses Act, Tenn. Code Ann. § 47-18-1001, *et. seq.*, constitute violations of the Tennessee Consumer Protection Act. Tenn. Code Ann. § 47-18-101 *et. seq.*

37. All of the acts and practices engaged in and employed by the Defendants as alleged herein are “unfair or deceptive acts or practices affecting the conduct of any trade or commerce” in Tennessee, which are declared unlawful by Tenn. Code Ann. § 47-18-104(a).

38. Each and every unfair or deceptive act or practice engaged in by the Defendants as recited above constitutes a separate violation of the Tennessee Consumer Protection Act as provided by Tenn. Code Ann. § 47-18-104(b).

39. By falsely representing, directly or by implication, that Britlee, Inc. d/b/a Laptoyz is authorized to do business within the State of Tennessee, Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(2), (b)(3), (b)(5), and (b)(27).

40. By falsely representing, directly or by implication, that Britlee, Inc. d/b/a Laptoyz is doing business legally within Montgomery County, State of Tennessee, Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(2), (b)(3), (b)(5), and (b)(27).

41. By representing, directly or by implicating, that Britlee, Inc. d/b/a Laptoyz, is doing business legally within the city of Clarksville when that is not true, Defendants Jordan and Britlee have violated Tenn. Code Ann. § 47-18-104(a), (b)(2), (b)(3), (b)(5) and (b)(27).

42. By representing that they have a “special” offer for members of the military service, when that is misleading or not true under the usually accepted definition of the term “special,” Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(5), (b)(7), and (b)(27).

43. By representing that they offer “100% Military Financing,” when at best that statement is confusing and at worst not true, Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(3), (b)(5), (b)(7), and (b)(27).

44. By representing, directly or by implication, that one of the reasons that the price of the merchandise may be on the high side is because if the consumer/soldier purchases the merchandise from them, they guarantee that they will obtain an extension of credit for the consumer that will improve the consumer’s credit record, history, or rating, Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(27), 47-18-1003(4), (6), 47-18-1004, 47-18-1005, 47-18-1006, and 47-18-1007.

45. By falsely representing that the reason that “40% off for cash purchases” is advertised is because it is “required by the Fair Credit Reporting Act”, Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(5), (b)(12), and (b)(27).

46. By representing, directly or by implication, that the total price quoted for the purchase included the cost of interest when that was not true, Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(5), (b)(12) and (b)(27).

47. By representing to consumers that if they purchased a computer and then refer someone else who purchases a computer, the referring consumer would receive Fifty Dollars (\$50.00) for each referral who purchases a computer, Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(18) and (b)(27).

48. By stating in the “Purchase Agreement,” without any qualifying language, that “Purchaser is agreeing that ... no promises or statements have been made to Purchaser, nor have Purchaser relied on any representations other than those expressly set forth in this agreement, or specifically stated in the vendor’s literature which you have reviewed and received,” when that is in direct conflict with Tenn. Code Ann. § 47-18-113(a) and, therefore, not true, Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(5), (b)(12), and (b)(27).

49. By designating that the financing of a consumer’s purchase is an “open-end” credit transaction when the initial credit limit is equal to the initial amount financed, and it is not disclosed to the consumer that repeated transactions are contemplated, anticipated or allowed, Defendants Rome, Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(7), and (b)(27).

50. By stating in the “Credit Agreement” without any qualifying language that “Gwinnett County, Georgia shall be deemed to be the place of exclusive jurisdiction, venue, discovery, and controlling law for resolution of disputes” when that is in direct conflict with Tenn. Code Ann. § 47-

18-113(b) and, therefore, not true, Defendant Rome has violated Tenn. Code Ann. §§ 47-18-104(a), (b)(5), (b)(12), and (b)(27).

51. By falsely representing, directly or by implication, that Rome Finance Co., Inc. through which Defendants Jordan and Britlee arrange an extension of credit for the consumer, is doing business legally within the State of Tennessee, Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(2), (b)(3), (b)(5), and (b)(27).

52. By representing that Rome Finance Co., Inc., through which Defendants Jordan and Britlee arrange an extension of credit for the consumer, is doing business legally within Montgomery County, State of Tennessee when that is not true, Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(2), (b)(3), (b)(5), and (b)(27).

53. By falsely representing, directly or by implication, that Rome Finance Co., Inc., through which Defendants Jordan and Britlee arrange an extension of credit for the consumer, is doing business legally within the city of Clarksville, Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(2), (b)(3), (b)(5), and (b)(27).

54. By falsely representing, directly or by implication, that the finance company through which Defendants Jordan and Britlee arrange an extension of credit for the consumer is a licensed finance company within the State of Tennessee, Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(2), (b)(3), (b)(5), and (b)(27).

55. By failing to give the disclosures required in “closed-end” credit transactions, Defendants Rome, Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-1004.

56. By failing to accept the return of all merchandise sold at a price that included the guarantee of an extension of credit to the consumer, and failing to refund all monies paid by that

consumer, Defendants Jordan and Britlee have violated Tenn. Code Ann. §§ 47-18-104(a), (b)(27) and 47-18-1007(b).

57. All of the acts and practices engaged in and employed by the Defendants as alleged herein are unfair and deceptive to the consumer in violation of Tenn. Code Ann. § 47-18-104(b)(27).

DEMAND FOR RELIEF

WHEREFORE, PREMISES CONSIDERED, THE STATE OF TENNESSEE PRAYS:

1. That this Complaint be filed without cost bond as provided by Tenn. Code Ann. §§ 20-13-101 and 47-18-116.
2. That process issue and be served upon Defendants requiring them to appear and answer this Complaint.
3. That this Court adjudge and decree that Defendants have engaged in the aforesaid acts or practices, which are in violation of the Tennessee Consumer Protection Act of 1977 and the Tennessee Credit Services Businesses Act.
4. That this Court enjoin, temporarily and permanently, Defendant from engaging in the aforesaid acts or practices which are in violation of the Tennessee Consumer Protection Act of 1977 and the Tennessee Credit Services Businesses Act.
5. That this Court adjudge and decree that the Defendants are liable to the State for the reasonable costs and expenses of the investigation and prosecution of the Defendants' actions, including attorneys' fees, as provided by Tenn. Code Ann. §§ 47-18-108(a)(5) and (b)(4).
6. That this Court make such orders or render such judgments as may be necessary to restore to any consumer or other person any ascertainable losses suffered by reason of the alleged

violations of the Tennessee Consumer Protection Act of 1977 and the Tennessee Credit Services Businesses Act including statutory interest as provided by Tenn. Code Ann. § 47-18-108(b)(1).

7. That this Court adjudge and decree that the Defendants pay civil penalties of not more than One Thousand Dollars (\$1,000.00) per violation to the State as provided by Tenn. Code Ann. § 47-18-108(b)(3).

8. That all costs in this cause be taxed against Defendants.

9. That this Court grant Plaintiff such other and further relief as this Court deems just and proper.

Respectfully submitted,

PAUL G. SUMMERS
Attorney General and Reporter
B.P.R. No. 6285

JOHN S. SMITH, III
Assistant Attorney General
B.P.R. No. 023392
State of Tennessee
Office of the Attorney General
Consumer Advocate and Protection Division
Post Office Box 20207
Nashville, TN 37202-0207
(615) 532-3382